

5/027/080



United States Department of the Interior

BUREAU OF LAND MANAGEMENT FILLMORE FIELD OFFICE

35 East 500 North
Fillmore, UT 84631
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SEP 25 2000

DIVISION OF
OIL, GAS AND MINING

IN REPLY REFER TO:

3800

(U-010)

UTU-078262-01

September 22, 2000

CERTIFIED MAIL # 7000 0600 0028 5326 1389
RETURN RECEIPT REQUESTED

DAVID D PETERSON
PRESIDENT
DELTA MINERALS INC
545 S OAK DR
WOODLAND HILLS UT 84653

Dear Mr. Peterson:

Thank you for submitting your Plan of Operations (Plan) on September 19, 2000. Upon further review of the Plan, we realized that you did not sign the document. We are therefore, returning it to you for signature, along with a copy which you can sign and submit to the Utah Division of Oil, Gas and Mining (UDOGM).

Upon receipt of the signed copy of the Plan, we anticipate that it will take approximately 60 days to evaluate it and make a decision on the terms of its approval.

As was discussed during the September 19 meeting, your operation was recently mapped using Global Positioning System, and was calculated to consist of approximately seven acres of disturbance. Since you did not have an approved Plan and bond in place before you exceeded the five-acre threshold under which you could operate under your notice, we must now require that you submit an interim cash bond of \$11,000 to the Utah State Office of the Bureau of Land Management (BLM). We cannot accept a surety at this time, since the actual reclamation costs have not been calculated.

Please submit the cash bond within 10 days of receipt of this letter to Opolonia Abeyta (801-539-4123) at the Utah State

Office of the BLM. Failure to do so may result in a Notice of Noncompliance or an Order to Cease and Desist Operations, or both.

Also, as discussed during the meeting, it is our preliminary determination that the material which you propose to mine is a common variety, and not locatable under the mining laws. At the meeting, you were supplied copies of IBLA 72-118, Kenneth McClarty, and IBLA 96-44, Jesse R. Collins. The latter upheld the BLM's right to require the claimant to pay into an escrow account the sale value of the material mined prior to the completion of a mineral report to determine whether or not the material is locatable. Therefore, before we approve the Plan, we will require you to deposit in escrow an amount equal to the sales price for the anticipated production for the first six months. Since your Plan estimates an annual volume of 40,000 cu. yds., and we anticipate the appraised value of the material to be around \$0.55 per cu. yd., that would result in an initial deposit of \$11,000. Should your mining plan be approved and a surety bond for reclamation be submitted, the interim cash bond could be converted to the escrow account.

If you have any questions, please feel free to contact Larry Garahana at (435)743-3126.

Sincerely,



Rex Rowley
Field Manager

Enclosures

Plan of Operations, and Copy

cc: D. Wayne Hedberg, UDOGM, 1594 W North Temple, STE 1210,
SLC, UT 84114-5801
Terry and Gayle Cook, 885 S. Oak Dr., Woodland Hills, UT
84653
Opolonia Abeyta, UT-932